

QUESTIONNAIRE FOR FILING PROPOSED RULES WITH
THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE

DEPARTMENT/AGENCY Education
DIVISION Public School Finance
DIVISION DIRECTOR Patricia Martin
CONTACT PERSON Patricia Martin
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INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire & financial impact statement attached to the front of two (2) copies of your proposed rule and required documents. Mail or deliver to:

Donna K. Davis
Subcommittee on Administrative Rules and Regulations
Arkansas Legislative Council
Bureau of Legislative Research
Room 315, State Capitol
Little Rock, AR 72201

- 1. What is the short title of this rule? **Repeal of Rules and Regulations Governing the Distribution of Revenue Loss Funding**
- 2. What is the subject of the proposed rule?
To repeal Rules and Regulations Governing the Distribution of Revenue Loss Funding.
- 3. Is this rule required to comply with federal statute or regulations? Yes _____ No X
If yes, please provide the federal regulation and/or statute citation.
- 4. Was this rule filed under the emergency provisions of the Administrative Procedures Act?
Yes _____ No X
If yes, what is the effective date of the emergency rule?

When does the emergency rule expire?

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes _____ No _____

5. Is this a new rule? Yes _____ No X If yes, please provide a brief summary explaining the regulation.

Does this repeal an existing rule? Yes X No _____ If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes _____ No X If yes, please attach a markup showing the changes in the existing rule and a summary of the substantive changes. **NOTE: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law grants the authority for this proposed rule. If codified, please give Arkansas Code citation. Act 1549 of 1999, Section 15.

7. What is the purpose of this proposed rule? Why is it necessary? **To repeal Rules and Regulations Governing the Distribution of Revenue Loss Funding.**

8. Will a public hearing be held on this proposed rule? Yes X No _____
If yes, please complete the following:

Date: May 12, 2004

Time: 1-4 PM

Place: ADE Auditorium, Little Rock, AR

9. When does the public comment period expire for permanent promulgation? (Must provide a date.)

May 13, 2004

10. What is the proposed effective date of this proposed rule? (Must provide a date.)

July 1, 2004

11. Do you expect this rule to be controversial? Yes _____ No X
If yes, please explain.

12. Please give the names of persons, groups, or organizations that you expect to comment on these rules. Please provide their position (for or against) if known.

- **Arkansas Association of Educational Administrators**
- **Arkansas School Boards Association**
- **Arkansas Association of School Business Officials**
- **Arkansas Education Association**
- **Arkansas Education Service Cooperatives**

SUMMARY

This rule is being repealed.

FINANCIAL IMPACT STATEMENT

DEPARTMENT Education
DIVISION Public School Finance
PERSON COMPLETING THIS STATEMENT Patricia Martin
TELEPHONE NO. 682-5124 FAX NO. 682-9035 EMAIL pmartin@arkedu.k12.ar.us

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE

Repeal of Rules and Regulations Governing the Distribution of Revenue Loss Funding

1. Does this proposed, amended, or repealed rule or regulation have a financial impact? Yes _____ No X
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. Please indicate if the cost provided is the cost of the program.

Current Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

4. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule or regulation? Identify the party subject to the proposed regulation and explain how they are affected.

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

DEPARTMENT OF EDUCATION
FISCAL IMPACT STATEMENT OF PROPOSED REGULATION
(In compliance with Acts 884 and 1253 of 1995)

Regulation Title: **Repeal of Rules and Regulations Governing the Distribution of Revenue Loss Funding**

Summary Description of Regulatory Proposal: **To repeal Rules and Regulations Governing the Distribution of Revenue Loss Funding.**

Cite Statutory Authority for this Regulatory Proposal:

- I. Fiscal Impact on the Department: (include whether impacts are non-recurring or recurring)
 - A. Resources Required - Personnel, equipment, office space.
 - B. Time Required for Implementation.
 - C. Procedural Changes.
 - D. Other.
- II. Fiscal Impact on Local School District or Others? (Include whether impacts are non-recurring or recurring)
 - A. Resources Required - Personnel, equipment, office space.
 - B. Time Required for Implementation.
 - C. Procedural Changes.
 - D. Other.
- III. Additional Comments.

Prepared by: Patricia Martin
Assistant Director, Public School Finance
April 9, 2004

**Rules and Regulations Governing the
Distribution of Revenue Loss Funding
September 13, 1999**

1.00 Regulatory Authority

- 1.01 These rules and regulations shall be known as the Arkansas Department of Education Rules and Regulations Governing the Distribution of Revenue Loss Funding.
- 1.02 These rules and regulations are enacted pursuant to the State Board of Education's authority under Act 1549 of 1999, Section 15.

2.00 Purpose

- 2.01 It is the purpose of these rules and regulations to establish a funding mechanism for the distribution of Revenue Loss Funding. These rules and regulations will replace The Arkansas Department of Education Rules and Regulations Governing Catastrophic Loss Funding.

3.00 Definitions

- 3.01 The Department. The Department of Education.
- 3.02 Average Daily Membership (ADM). The total number of days attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three quarters of a school year, divided by the number of school days actually taught during that period of time rounded up to the nearest hundredth.
- 3.03 Student Loss. A district has a Student Loss when the three quarter average ADM of the previous year is less than the three quarter average ADM of the year prior to the previous year.
- 3.04 Total Assessment. The sum of personal property assessment, utility property assessment, and real property assessment, as used in the calculation of State Equalization Aid.
- 3.05 Assessment Loss. A district has an assessment loss when the total assessment of the current year is less than the total assessment of the previous year.
- 3.06 Incremental Funding factor. A school district's Incremental Funding factor is the difference between its Percent of Revenue Loss and the least Percent of Revenue Loss which will allow for complete distribution of all budgeted funds for this category of funding.

4.00 Calculation and Distribution of Revenue Loss Funding

- 4.01 The data used to determine a loss in revenue due to a loss in students shall be ADM and state determined school district revenues as defined by Ark. Code Ann. § 6-20-308 (Supp. 1997), amended by Act 1549 of 1999. The revenue data shall be data prior to any adjustment for student growth.
- 4.02 Each fiscal year, the Department shall determine if a district has a Student Loss.
- 4.03 When a school district has a Student Loss, the number of loss students shall be multiplied times the current fiscal year minimum state and local revenue per ADM.
- 4.04 Each fiscal year, the Department shall determine if a district has an Assessment Loss.
- 4.05 When a school district has an Assessment Loss, the loss in assessment shall be multiplied times the mills in excess of 25 mills (.025) times .98.

- 4.06 ~~The loss in revenue calculated in 4.03 shall be added to the loss in revenue calculated in 4.05.~~
- 4.07 ~~The sum calculated in 4.06 shall be divided by the school district's previous year's total state and local revenue including Additional Base Funding, Incentive Funding, and Revenue Loss Funding. This data, excluding Revenue Loss Funding, shall be taken from the Department's first funding projection of the previous year, adjusted for any material changes. Revenue Loss Funding data shall be taken from the previous year's October 31 funding distribution. It shall be expressed as a percentage, rounded to the nearest hundredth. This is the school district's Percent of Revenue Loss. (See Ark. Code Ann. §§ 6-20-303(2), 6-20-303(13), 6-20-303(19), 6-20-303(28) (Supp. 1997), amended by Act 1549 of 1999.~~
- 4.08 ~~To determine the districts that qualify for this funding, the school districts with a loss in revenue shall be arranged in descending order according their Percent of Revenue Loss.~~
- 4.09 ~~Beginning with the school district with the greatest Percent of Revenue Loss, each school district shall receive an amount of funds equal to the ADM of the year prior to the previous year times its state equalization funding per student, times its Incremental Funding factor. This process shall continue until all budgeted funds are distributed. (See Ark. Code Ann. § 6-20-303(25) (Supp. 1997), amended by Act 1549 of 1999).~~
- 4.10 ~~The Department shall distribute half the amount budgeted by the State Board of Education for Revenue Loss Funding prior to October 31st of each fiscal year. The balance of the funds shall be distributed subsequent to the calculation of Student Growth Funding, in compliance with 5.03.~~

5.00 Funding Restrictions

- 5.01 ~~Revenue Loss Funding shall be considered non-restricted revenues.~~
- 5.02 ~~Revenue Loss Funding revenues shall be included in the calculation of total state and local funding per ADM.~~
- 5.03 ~~If a school district qualifies for both Student Growth Funding and Revenue Loss Funding, the school district shall receive only one category of funding, whichever is the greater of the two (2) amounts.~~